

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

ITE&C Dept - IT Promotion – Recommendations of the Committee to look into the issues of Vizag IT companies at APIIC Madhurawada IT lay out – Orders --- – Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS DEPARTMENT
(Promotion wing)**

G.O.MS.No. 14

Dated: 27.08.2014
Read the following:

Meeting held with Honorable Chief Minister on 09-07-2014.

ORDER:

Consequent to the directions of the Honorable Chief Minister vide reference read above, on IT Promotion activities, a Committee was formed to look into the issues of IT companies in Vizag. The Committee conducted a field visit of the Madhurawada IT Lay Out on 15.07.14 and had interactions with the ICT Industry on their issues and concerns. Subsequently, the Members met on 17-07-2014 to examine the pros and cons of the issues and after elaborate discussions, the committee made certain recommendations thereon.

Government after careful consideration and examination of all the issues involved accepts the following recommendations for implementation by IT&C Department/APIIC/ other Departments in a time bound manner.

(I) De-notification of Hill No.2 at Madhurawada IT layout.

The State Government may convey its 'no objection for de-notification of the SEZ on Hill 2' to the Development Commissioner, VSEZ, GOI, provided:-

- (i) All the units in the SEZ agree in writing for such de-notification and to reimburse the value of exemptions availed such as Central Excise, Customs Duty etc to Government of India and VAT, Stamp Duty reimbursement and exemption of local Taxes etc to the State Government.
- (ii) All the units agree to abide by the conditions for de-notification prescribed by GOI.

However, even after the De- Notification of SEZ, the land so allotted shall be on lease basis only, as per the existing lease agreement between APIIC and allottees.

(II)According Co- Developer status and permitting sub lease on the facility constructed for IT activity.

Independent of the De-Notification process, in order to ensure that the IT allottees are given flexibility in optimal utilization of the built space constructed by them and for creation of additional IT employment, co-developer status be accorded to all the units located in the APIIC Madhurawada IT SEZs, subject to compliance with the following procedure.

(i) The allottee IT companies shall be classified into 4 categories:

Category ‘A’: The allottee IT companies which have fulfilled the terms & conditions of MOU/ Allotment i.e., commitment on the extent of built up space to be constructed or employment to be generated generation or both wherever applicable as per MOU/terms of allotment shall be placed in Category A.

The companies falling under category A shall be straight away accorded co-developer status with permission to sub lease the additional space constructed/ to be constructed by them. This sub lease would however be permitted for letting out ONLY to a registered IT unit, and for undertaking IT activity alone and for no other purpose.

Category ‘B’: The allottee IT companies, which have constructed the facility in part or full, but did not fulfil the terms of MOU/ Allotment such as agreed extent of built-up space and/or employment generation as applicable, shall be placed in Category B.

The companies falling under category B may be accorded co-developer status with permission to sub lease the facility for creation of IT employment, on payment of 10% of lease revenue so generated, to APIIC. This sub lease would be allowed ONLY to a registered IT unit, and for undertaking IT activity alone and for no other purpose.

Category ‘C’: The allottee IT companies, which have their facility under construction, and not occupied for generation of employment, shall be placed in Category C. Such units would be given co-developer status only when they reach the category ‘B’ status. If the unit falling under category C does not complete the construction and provide employment as agreed, as per the time lines already prescribed, APIIC shall **cancel** the allotment and resume the land and the buildings/ structures constructed thereon, after giving a 30 day-notice and following the extant procedure of APIIC.

Category ‘D’: The allottees, which have not started construction nor obtained extension of time, shall be placed in Category D. In such cases, notices to be issued and after giving 30 days time the land should be resumed back as per the procedure of APIIC.

(ii) The Government feels that many allottee units have large parcels of land that still remain vacant and unutilized or under-utilized. Given the high scarcity of Government lands in Vizag, Government is of firm view that such extents of land are put to optimal use. To this end, APIIC may obtain development plans from the units so that additional space/employment is created to meet the current norm of 500 employees per acre. Fresh MOUs shall be entered with the companies, for reaching the aforementioned norm, either through expansion of their own unit or by sub leasing in terms of the procedure recommended above for Categories A and B.

(iii) In order to remove the impediments that come in the way of the allottees IT companies in the IT SEZ, either for hypothecation of the lease agreements or for obtaining loans from banks/ financial institutions, APIIC has been directed to effect necessary amendments to such restrictive clauses of the lease agreement so that IT units can freely negotiate with the financial institutions for their funding requirements, purely for undertaking IT activities on the facilities created or to be created.

(III) According IALA status to APIIC Madhurawada IT layout.

- (i) IALA (Industrial Area Local Authority) status to APIIC shall be granted by the concerned Department for maintenance and up keep of Madhurawada APIIC IT Layout, so that the requirements of the units for civic amenities are promptly attended to in a self-governed manner.
- (ii) APIIC is directed to immediately undertake provisioning/improvement to the existing infrastructure facilities (internal and external), such as power, water, drainage, roads, etc. in a time bound manner up to and within the Madhurawada IT Layout. APIIC Visakhapatnam may take up these works from out of the funds transferred by ITE&C Dept to them for provision of infrastructure facilities in IT layouts in AP.

(IV) Provision of water supply at Madhurawada IT layout.

APIIC is directed to immediately complete the water supply system in Madhurawada IT layout in coordination with GVMC & provide uninterrupted and sufficient potable water to the allottees.

(V) Provision of street lightening at Madhurawada IT layout.

APIIC is directed for immediate provision of street lights using the latest technology along the approach road and the internal roads of Madhurawada IT Layout.

(VI) Alignment and repair of roads at Madhurawada IT layout.

Government also takes note of the fact that the road leading to Madhurawada IT layout is in zigzag condition, with too many curves & bends. The APIIC pylon also needs to be repaired along with filling up of pot holes etc and providing greenery along the roads.

APIIC is therefore directed to redesign the road leading to the Madhurawada IT Layout and undertake appropriate landscaping measures at the earliest.

(VII) Provision of Bus facility to the Madhurawada IT layout.

The Government noted that APSRTC has started extra bus facilities on 15.07.2014 and APSRTC is informed to maintain the regularity and frequency of bus services to the Madhurawada IT layout.

With regard to the request of some of the companies for clearance of their pending claims pertaining to incentives such as anchor company subsidy, power subsidy & power category conversion, etc., IT&C Department shall process the pending claims as per the procedure and eligibility.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**SANJAY JAJU
SECRETARY TO GOVERNMENT**

To
The Principal Secretary, Industries & Commerce
The Principal Secretary, MA&UD Dept
The Principal Secretary, Panchayat Raj Dept
The Vice-Chairman & Managing Director, APIIC Ltd
The Vice-Chairman & Managing Director, APSRTC Ltd
The Collector & Dist Magistrate, Visakhapatnam
The Managing Director, APEPDCL
The Commissioner, Visakhapatnam Special Economic Zone
The Commissioner, Greater Vizag Municipal Corporation
The Vice-Commissioner, Visakhapatnam Urban Development Authority
The President, Vizag IT Association
The President, Rishikonda IT Parks Association

Copy to:
The PS to CS/The PS to Prl Secy to CM

///FORWARDED BY ORDER///

SECTION OFFICER